



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

SB2339

Introduced 2/15/2013, by Sen. John G. Mulroe

SYNOPSIS AS INTRODUCED:

5 ILCS 220/6

from Ch. 127, par. 746

Amends the Intergovernmental Cooperation Act. Requires joint insurance pools to annually file with the Director of Insurance a certification by an independent actuary that the pool's reserves are in accordance with sound loss-reserving standards and adequate for the payment of claims. Authorizes the Director to adopt, by administrative rule, appropriate penalties for joint insurance pools that fail to comply with certain auditing, reporting, and certification requirements. Authorizes the Director, or his or her designees, to examine the affairs, transactions, accounts, records, and assets and liabilities of each joint insurance pool as often as the Director deems advisable. Requires the joint insurance pools to cooperate fully with the Director's representatives in all evaluations and audits and to resolve issues raised in those evaluations and audits. Provides that the failure to resolve those issues shall constitute a violation of the Act and may, after notice and an opportunity to be heard, result in the imposition of penalties established by the Director by administrative rule. Provides that if a joint insurance pool requires a member to submit written notice in order for the member to withdraw from a qualified pool, then the period in which the member must provide the written notice cannot, except in certain circumstances, be greater than 90 days.

LRB098 10715 JDS 41041 b

1 AN ACT concerning government.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Intergovernmental Cooperation Act is
5 amended by changing Section 6 as follows:

6 (5 ILCS 220/6) (from Ch. 127, par. 746)

7 Sec. 6. Joint self-insurance. An intergovernmental
8 contract may, among other undertakings, authorize public
9 agencies to jointly self-insure and authorize each public
10 agency member of the contract to utilize its funds to pay to a
11 joint insurance pool its costs and reserves to protect, wholly
12 or partially, itself or any public agency member of the
13 contract against liability or loss in the designated insurable
14 area.

15 A joint insurance pool shall have an annual audit performed
16 by an independent certified public accountant and shall file an
17 annual audited financial report with the Director of Insurance
18 no later than 150 days after the end of the pool's immediately
19 preceding fiscal year. The Director of Insurance shall issue
20 rules necessary to implement this audit and report requirement.
21 The rule shall establish the due date for filing the initial
22 annual audited financial report. Within 30 days after January
23 1, 1991, and within 30 days after each January 1 thereafter,

1 public agencies that are jointly self-insured to protect
2 against liability under the Workers' Compensation Act and the
3 Workers' Occupational Diseases Act shall file with the Illinois
4 Workers' Compensation Commission a report indicating an
5 election to self-insure.

6 The joint insurance pool must also annually file with the
7 Director a certification by an independent actuary that the
8 pool's reserves are in accordance with sound loss-reserving
9 standards and adequate for the payment of claims. This
10 certification must be filed no later than 150 days after the
11 end of each fiscal year.

12 The Director may adopt, by administrative rule,
13 appropriate penalties for joint insurance pools that fail to
14 comply with the auditing, reporting, and certification
15 requirements of this Section. The Director, or his or her
16 designees, may examine the affairs, transactions, accounts,
17 records, and assets and liabilities of each joint insurance
18 pool as often as the Director deems advisable. The joint
19 insurance pool shall cooperate fully with the Director's
20 representatives in all evaluations and audits of the joint
21 insurance pool and resolve issues raised in those evaluations
22 and audits. The failure to resolve those issues shall
23 constitute a violation of this Section, and may, after notice
24 and an opportunity to be heard, result in the imposition of
25 penalties established by the Director by administrative rule.
26 No sanctions under this Section may become effective until 30

1 days after the date that a notice of sanctions is delivered by
2 registered or certified mail to the joint insurance pool.

3 If a joint insurance pool requires a member to submit
4 written notice in order for the member to withdraw from a
5 qualified pool, then the period in which the member must
6 provide the written notice cannot be greater than 90 days,
7 except that this requirement applies only to joint insurance
8 pool agreements entered into, modified, or renewed on or after
9 the effective date of this amendatory Act of the 98th General
10 Assembly.

11 For purposes of this Section, "public agency member" means
12 any public agency defined or created under this Act, any local
13 public entity as defined in Section 1-206 of the Local
14 Governmental and Governmental Employees Tort Immunity Act, and
15 any public agency, authority, instrumentality, council, board,
16 service region, district, unit, bureau, or, commission, or any
17 municipal corporation, college, or university, whether
18 corporate or otherwise, and any other local governmental body
19 or similar entity that is presently existing or created after
20 the effective date of this amendatory Act of the 92nd General
21 Assembly, whether or not specified in this Section. Only public
22 agency members with tax receipts, tax revenues, taxing
23 authority, or other resources sufficient to pay costs and to
24 service debt related to intergovernmental activities described
25 in this Section, or public agency members created by or as part
26 of a public agency with these powers, may enter into contracts

1 or otherwise associate among themselves as permitted in this
2 Section.

3 No joint insurance pool or other intergovernmental
4 cooperative offering health insurance shall interfere with the
5 statutory obligation of any public agency member to bargain
6 over or to reach agreement with a labor organization over a
7 mandatory subject of collective bargaining as those terms are
8 used in the Illinois Public Labor Relations Act. No
9 intergovernmental contract of insurance offering health
10 insurance shall limit the rights or obligations of public
11 agency members to engage in collective bargaining, and it shall
12 be unlawful for a joint insurance pool or other
13 intergovernmental cooperative offering health insurance to
14 discriminate against public agency members or otherwise
15 retaliate against such members for limiting their
16 participation in a joint insurance pool as a result of a
17 collective bargaining agreement.

18 It shall not be considered a violation of this Section for
19 an intergovernmental contract of insurance relating to health
20 insurance coverage, life insurance coverage, or both to permit
21 the pool or cooperative, if a member withdraws employees or
22 officers into a union-sponsored program, to re-price the costs
23 of benefits provided to the continuing employees or officers
24 based upon the same underwriting criteria used by that pool or
25 cooperative in the normal course of its business, but no member
26 shall be expelled from a pool or cooperative if the continuing

1 employees or officers meet the general criteria required of
2 other members.

3 (Source: P.A. 93-721, eff. 1-1-05; 94-685, eff. 11-2-05.)